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Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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COMMISSION

Dear Ms. O'Donnell:

Pursuant to the Settlement Agreement filed in the rate proceedings (P.S.C. Case No. 2003-00433 and P.S.C. Case No. 2003-00434) significant changes are proposed for Louisville Gas and Electric Company's ("LGE") Interruptible Service, Original Sheet No. 13-A of P.S.C. of Ky. Electric No. 5, and Kentucky Utilities Company's ("KU") Curtailable Service Rider, Original Sheet No. 11A of P.S.C. No. 12. If approved, these changes would substantially modify the terms under which service is currently being provided, as well as the charges for service. For example, the time in which LGE and KU are required to give notice for a requested interruption or curtailment is being shortened, the total hours a customer is subject to interruption or curtailment annually is being increased, and the time periods where LGE and KU can request an interruption or curtailment are being expanded. ✓

Because these changes may substantially affect the customer's business operations, LGE and KU believe it is only fair to waive the notice period currently required for a customer to terminate service under the existing tariff. For LGE, the termination notice is six months. The time period for KU is much more stringent at three years. Both LGE and KU believe it is unreasonable to expect a customer to continue under an optional tariff that no longer fits the customer's needs. To do so could subject the customer to the non-compliance charge provisions in the proposed tariffs.

LGE and KU respectfully request the existing Interruptible Service customers (6) and Curtailable Service Rider customers (7) be given the option of terminating service under those rates effective June 30, 2004, prior to the anticipated effective date, July 1, 2004, of the proposed tariffs. With Commission approval, these customers will be immediately notified by their individual Account Representatives of the choice available to them and the option of early termination will be contingent upon Commission approval of the proposed CSR rates outlined in the Partial Settlement Agreement dated May 12, 2004.

Yours very truly,



Michael S. Beer